



DEPARTMENT OF ENERGY  
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission  
System Operator, Inc.

Docket Nos. ER12-678-000  
ER12-679-000

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE

As announced in the Notice of Technical Conference issued on April 4, 2012, and as required in the Commission's March 30, 2012 order in these dockets,<sup>1</sup> there will be a technical conference in these proceedings on May 15, 2012 at the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC, Room 3M-2A&B. The technical conference will be led by staff, and will be open for the public to attend. Attendees may register in advance at the following webpage: <https://www.ferc.gov/whats-new/registration/midwest-independent-5-15-12-form.asp>. Advance registration is not required, but is encouraged. Parties attending in person should still allow time to pass through building security procedures before the 9:00 a.m. start time of the conference

The conference will not be webcast, but will be accessible via telephone. Parties wishing to participate by phone should fill out the registration form and check the box indicating that they wish to participate by conference call, and do so no later than 5:00 p.m. (Eastern Time) on Wednesday, May 9. Parties selecting this option will receive a confirmation email containing a dial-in number and a password before the conference. To the extent possible, individuals calling from the same location share a single telephone line.

FERC conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an e-mail to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free 866-208-3372 (voice) or 202-208-1659 (TTY), or send a FAX to 202-208-2106 with the required accommodations.

For further information regarding this conference, contact Stephen Pointer at [stephen.pointer@ferc.gov](mailto:stephen.pointer@ferc.gov) or 202-502-8761, Adam Pollock at [adam.pollock@ferc.gov](mailto:adam.pollock@ferc.gov) or 202-502-8458, or Katherine Waldbauer at [katherine.waldbauer@ferc.gov](mailto:katherine.waldbauer@ferc.gov) or 202-502-8232.

**I. Questions to be Addressed Prior to Technical Conference.** The Midwest Independent Transmission System Operator, Inc. (MISO) and/or Potomac Economics, Inc., MISO's Independent Market Monitor (IMM), are requested to file written responses to each of the questions below by Thursday, May 10, 2012, so that the responses may be discussed at the technical conferences.

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<sup>1</sup>Midwest Independent Transmission System Operator, Inc., 138 FERC ¶ 61,235 (2012).

1. Provide monthly information (from 2009 forward) on how many units were committed for VLR and the percentage of those units that were committed on transmission lines of less than 100 kV. Provide information on where in the MISO region these VLR units were committed. Does MISO expect VLR commitments in the future, and if so, where? Please explain.
2. How many VLR units (from 2009 forward) were economically dispatched?
3. With regard to the IMM's testimony in Docket No. ER12-678 at ¶ 15-22,<sup>2</sup> for the period from January 2010 to September 2011:
  - a. Were VLR units economically dispatched during any of these hours? Provide data on the number of hours VLR units were economically dispatched.
  - b. Did these units have headroom? If so, how many MWs?
4. MISO states that "[i]n principle, voltage issues would be modeled using thermal constraints as a proxy in the commitment and dispatch"<sup>3</sup> and "[i]n fact, these commitments are made per operating procedures and guidelines regardless of expected or actual deviation volumes."<sup>4</sup>
  - a. Please provide the Operating Procedures and guidelines.
  - b. Please identify all Business Practice Manuals that are relevant to Voltage and Local Reliability commitments.
5. The IMM explains that the proposed mitigation thresholds in section 64.1.3 are intended to address inflexible physical parameters for VLR units that can increase Revenue Sufficiency Guarantee payments.<sup>5</sup>
  - a. The proposed mitigation thresholds for identifying uneconomic production in sections 64.1.3.a.i(a), (b) and (c) apply to all resources, not only to VLRs. Explain in detail why each threshold is appropriate for all resources, including VLRs.
  - b. Neither the MISO submittal nor the IMM's testimony addresses the proposed threshold in section 64.1.3.a.i(a) of an incremental energy offer price for a

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<sup>2</sup> Docket No. ER12-678-000 Filing, Tab E, Affidavit of David B. Patton.

<sup>3</sup> Analysis of Market Results at 1.

<sup>4</sup> *Id.* at 8.

<sup>5</sup> Docket No. ER12-679-000 Filing, Tab D, Affidavit of David B. Patton at ¶¶ 22 –

- resource that is less than 50 percent of the applicable Reference Level. Provide a justification for this threshold.
- c. With regard to proposed section 64.1.3.a.i(c), please explain why the existing thresholds for identifying economic withholding in sections 64.1.2.a.v and 64.1.2.a.vi should also be used to identify uneconomic production.
6. Table 1 of the *Analysis of Market Results*<sup>6</sup> indicates that it represents real-time Revenue Sufficiency Guarantee costs.
- a. Were all costs incurred in real time?
  - b. If not, what costs were incurred in the day-ahead markets?
7. Referencing the IMM's testimony in Docket No. ER12-678-000 at ¶ 17 – 19,<sup>7</sup> please explain the following.
- a. How does the IMM determine the “... available offline resources that MISO could have committed to replace the capacity provided by the local commitments and identified the least-cost resource that MISO would likely have committed.”
  - b. Please describe all elements of the calculation of the avoided Day-Ahead and Real-Time Revenue Sufficiency Guarantee Credits that would have been paid to Resources that may have been committed to meet the Capacity needs in the absence of the Voltage and Local Reliability Commitments, as specified in proposed section 40.3.3.xviii(3).
  - c. Why did the IMM base market-wide share on avoided Revenue Sufficiency Guarantee *costs*, rather than avoided MW?

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**II. Questions to Be Discussed at the Conference.** The conference will consist of three sessions, as detailed below. For each session, a representative of MISO and a representative of the IMM should be prepared to make opening statements that address the questions below. After statements by the MISO and IMM representatives, Commission staff will ask questions; as time permits, other attendees (including telephone participants) may also ask questions.

**Session 1: *Voltage and Local Reliability (VLR) Commitments (Docket Nos. ER12-678-***

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<sup>6</sup> Analysis of Market Results.

<sup>7</sup> *Id.*

**000 and ER12-679-000) (9:00 a.m. – 11:00 a.m.)**

8. MISO concludes that “[a] significant increase in the Real-Time [Revenue Sufficiency Guarantee] Make Whole Payments associated with Voltage and Local Reliability Commitments has occurred, starting in early 2010. The increase has been evident and sustained through November 2011 based on recurring transmission issues at specific locations in the MISO footprint.”<sup>8</sup> Discuss the transmission reliability issues that have been occurring and what changed in 2010 such that VLR commitments were not needed in 2009 but were required in 2010. In the discussion, please indicate the extent to which the increase in Revenue Sufficiency Guarantee costs can be attributed to increased frequency of VLR commitments for specific units or to an increased number of different units committed for VLR.
9. How are voltage constraints modeled in the Security Constrained Unit Commitment (SCUC) and Security Constrained Economic Dispatch (SCED)? For voltage constraints that are not modeled in the SCUC and SCED, why aren’t they included? What models or other tools aside from the SCUC and SCED does MISO use to make VLR commitments?
10. Explain how VLR units are committed and when they are committed in the operating and planning cycle. For all responses, provide objective criteria to the extent possible.
  - a. Please explain when and how VLR requirements are determined.
  - b. Are VLR commitments made for a specific MW amount, the total capacity of the generation unit, or on another basis? Please explain.
  - c. Do MISO and the IMM coordinate their VLR determinations, or do they make those determinations separately?
11. MISO states that “VLR Commitments may be issued at various points in the sequence of administering the [Reliability Assessment Commitment (RAC)] process, depending on when the needed requirements are known.”<sup>9</sup> Explain this statement, and describe what information MISO is relying on to indicate that VLRs are required.
  - a. As part of the RAC process, explain each of the roles for the following tools in determining the needs for resources committed for VLR: Forward Reliability Assessment Commitment, Intra-day Reliability Assessment Commitment, and Look Ahead Commitment.

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<sup>8</sup> *Analysis of Market Results – Constraint Management Commitments*, attached to both the Docket No. ER12-678-000 filing and the Docket No. ER12-679-000 filing as Tab C (Analysis of Market Results) at 7-8.

<sup>9</sup> MISO Answer, Docket No. ER12-678-000, at 7.

- b. Does MISO consider a VLR commitment several days before the operating day to be part of a RAC process? Please explain.
12. Are market participants informed that their units are VLR commitments when committed? If not, when are they informed? Are VLR units designated as such prior to when their offers are submitted? Describe the VLR designation process. Does MISO change a unit's VLR designation after the commitment is made? Is there a "final" designation after the fact (during the settlement accounting process)?
13. Wisconsin Electric Power Company (WEPCO) argues that certain resource commitments should be exempt from the definition of VLR commitments, as follows: "Resource commitments that, absent an Operating Guide to address [VLR] requirements, would have resulted from a [SCUC] in the Day-Ahead Energy and Operating Reserve Market or any [RAC], shall not be designated in this category."<sup>10</sup>
- a. Does WEPCO's proposed exclusion of SCUC commitments accurately depict how VLRs are committed? Please explain.
- b. Can units committed based on economics in the SCUC and SCED processes be classified as VLR commitments? If yes, provide examples.
- c. Can VLR units be declassified and become economic-only units? Please explain response.
- d. Is it possible for MISO to incorporate local reliability issues in the SCUC or SCED processes? Please explain.

**Session 2: Cost Allocation (Docket No. ER12-678-000) (11:30 a.m. – 1:30 p.m.)**

14. MISO states that "it does not anticipate any significant instances of pseudo-tied load modeling throughout the footprint that would exacerbate or result in cost shifts."<sup>11</sup> On what basis does MISO make that claim? Has MISO performed any studies to draw that conclusion? If so, please explain the results of the study.
15. Could MISO include voltage management as a constraint in an SCED/SCUC model that would allow for cost allocation in the same way that the constraint management charge is derived?
16. Please explain any objections MISO may have with regard to allowing Local Balancing Authority (LBA) Area participation in studies that result in costs being allocated to those LBAs.

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<sup>10</sup> WEPCO Protest, Docket No. ER12-678-000, at 4-5.

<sup>11</sup> MISO Answer in Docket No. ER12-678-000 at 9.

17. Referencing the transmittal letter in Docket No. ER12-678-000 at 11, indicate objective criteria MISO would use that would form the basis for a broader allocation beyond the LBA Area.
18. Referencing the discussion in the transmittal letter in Docket No. ER12-678-000 at 15 of "Commercially Significant" voltage and local reliability issues, explain all the criteria that MISO will use to determine if a VLR is commercially significant.

**Session 3: *Mitigation (Docket No. ER12-679-000 ) (2:00 p.m. – 4:00 p.m.)***

19. The IMM's testimony describes voltage support commitments and reasons for those commitments, stating that "local reliability and voltage support needs generally pertain to a very limited geographic area where the resources available to satisfy the reliability needs are owned by a very small number of suppliers, often only a single supplier."<sup>12</sup> How will the IMM determine which units are VLR commitments? How will the IMM monitor for units committed for VLR and for economics (and which mitigation thresholds will apply)?
20. To what extent do MISO and/or the IMM expect VLR mitigation to stem increasing Revenue Sufficiency Guarantee costs?
21. Explain the interplay between VLR mitigation and existing mitigation measures within Broad Constrained Areas (BCAs) and Narrow Constrained Areas (NCAs). Could a resource be mitigated under both sets of mitigation thresholds? If so, under what circumstances?
22. Please describe how MISO will determine reference levels for units committed for VLR. Given the specific market power concerns associated with VLRs, is it appropriate to use historical offer information to determine their initial reference levels?

**Conference Conclusion: *Next Steps***

***(4:00 p.m. – 4:30 p.m.)***

Staff will conclude the conference and outline next steps.

**Dated: April 20, 2012**

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>12</sup> Docket No. ER12-679-000 Filing, Tab D, Affidavit of David B. Patton at ¶ 10.

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